

CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION

***Request For Approval to Issue Taxable (TX) Revenue Bonds Supplementing Previous
Approval of Recovery Zone Facility Bonds (RZFB)***

**Reis Newark, LLC
Application No. 10-016**

December 15, 2010

SUMMARY

Borrower – Reis Newark, LLC and/or a related entity

User – Data Safe, Inc. and/or a related entity

Issuer – Alameda County Industrial Development Authority (ACIDA)

Location – City of Newark, Alameda County

Requested Bond Issuance – \$2 million taxable bonds

Previous Actions Approved – \$3.7 million RZFBs on November 17, 2010

Staff Recommendation – Approval

THE COMPANY

Data Safe, Inc. (the company or Data Safe) was incorporated in California on December 4, 1946. The company is owned by Tom Reis (75 percent), Rob Reis (15 percent) and Scott Reis (10 percent). Data Safe is a service company that handles the storage, retrieval and shredding of paper documents and digital computer formats.

BACKGROUND

At its November 17, 2010 meeting, the Commission approved the issuance of \$3.7 million in RZFBs for ACIDA for the Data Safe, Inc. project. The RZFB portion of the project has not changed since it was heard at the November CIDFAC meeting (see The Project section of the previous staff summary in Attachment A). In addition to the RZFBs, the Project also has a taxable bond component which totals approximately \$2 million.

SUMMARY OF CURRENT REQUEST

The current request is for Commission approval of an Initial and Final Resolution for ACIDA to issue up to \$2 million in taxable bonds. The taxable bonds will be used for the refinancing of an existing structure.

RECOMMENDATION

Staff recommends approval of Initial and Final Resolution No. 10-016 for up to \$2 million in taxable bonds for the issuer for the Data Safe, Inc. project.

Staff report by: Deanna Hamelin

Attachment A

CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING ADVISORY COMMISSION

***Request for Approval of Initial and Final Resolution for Recovery Zone Facility Bonds
(RZFBs)***

**Data Safe, Inc.
Application No. 10-016**

November 17, 2010

SUMMARY

Borrower – Reis Newark, LLC and/or a related entity

User – Data Safe, Inc. and/or a related entity

Issuer – Alameda County Industrial Development Authority (ACIDA)

Location – City of Newark, Alameda County

Amount of RZFB Allocation – \$3.7 million

Staff Recommendation – Approval, contingent upon the RZFB reallocation approval from the California Debt Limit Allocation Committee (CDLAC) to ACIDA.

THE COMPANY

Data Safe, Inc. (the company or Data Safe) was incorporated in California on December 4, 1946. The company is owned by Tom Reis (75 percent), Rob Reis (15 percent) and Scott Reis (10 percent). Data Safe is a service company that handles the storage, retrieval and shredding of paper documents and digital computer formats.

THE PROJECT

The company currently owns and operates from an existing 55,474 square foot building. RZFB proceeds will be used to construct a new 35,386 square foot facility which is located adjacent to the existing facility. In addition, bond proceeds will be used to acquire and install new equipment that will include solar panels on the roof for energy conservation, a permanently installed shredding machine, and a mobile shredding truck. For background information regarding RZFB's please see Exhibit A.

Attachment A

Anticipated Project and Issuance Costs

	To be paid from bond proceeds	To be paid from all other sources
Site Preparation	\$ 30,000	
Construction of New Building	\$ 2.510 million	
Utilities Connection	\$ 33,000	
Acquisition and Installation of New Equipment	\$1 million	
Engineering/Architecture	\$ 12,000	
Legal, Permits, etc.	\$ 15,000	
Bond Issuance Expenses	\$100,000	\$ 41,375
Letter of Credit Fee		\$110,250
Other: Refinancing of Mortgage on Existing Building which is also located on the property		\$1,300,000
Totals	<u>\$ 3.7 million</u>	<u>\$ 1.452 million</u>

Timeline

Construction of the building, and purchase and installation of new equipment, is anticipated to begin December 2010 and will be completed by May 2011.

Status of Approvals

- The County of Alameda executed a Resolution to Designate a Recovery Zone on January 26, 2010, which designates the entire County, which includes the City of Newark, as a Recovery Zone. In its Resolution Number R-2010-24, the County of Alameda cites the fact that countywide unemployment increased from 7 percent to 11.5 percent between October 2008 and October 2009.
- On September 28, 2010, Alameda County IDA executed an Inducement Resolution to Issue Bonds in an amount not to exceed \$5 million in RZFBs for the project.
- Alameda County held a TEFRA hearing on October 5, 2010 for the issuance of the bonds in an amount not to exceed \$5 million.
- Alameda County has applied to CDLAC for a reallocation of RZFBs for an amount not to exceed \$3.7 million. This request will be heard at the November 17, 2010 CDLAC meeting.

Financing Details

The RZFBs will be sold in a public offering. The bonds will be variable rate with a weekly reset and will be secured by an irrevocable Letter of Credit issued by Bank of the West.

Financing Team

- Issuer: Alameda County IDA
- Trustee: U.S. Bank, N.A.

Attachment A

- Credit Enhancement Provider: Bank of the West
- Bond Underwriter: Westhoff, Cone & Holmstedt
- Financial Advisor: Progressive Capital

CIDFAC FEES

In accordance with CIDFAC regulations¹, the company has paid CIDFAC an application fee of \$1,250.

RECOMMENDATION

Contingent upon the CDLAC RZFB reallocation approval for ACIDA, staff recommends approval of Initial and Final Resolution No. 10-016 for \$3.7 million in Recovery Zone Facility Bonds for the issuer for the Data Safe, Inc. Project.

Staff report by: Deanna Hamelin

¹ California Code of Regulations Title 10, Chapter 8, Article 3, §6070

**INITIAL AND FINAL RESOLUTION
OF THE
CALIFORNIA INDUSTRIAL DEVELOPMENT FINANCING
ADVISORY COMMISSION (CIDFAC)
APPROVING THE ISSUANCE OF TAXABLE REVENUE BONDS
Resolution #: 10-016(S)**

WHEREAS, Section 1400 of the American Recovery and Reinvestment Act of 2009 (“ARRA”) added Section 1400U-1 through 1400U-3 to the Internal Revenue Code of 1986 (the “Code”), authorizing counties and large municipalities to issue recovery zone economic development bonds and recovery zone facility bonds as defined in the Act; and

WHEREAS, pursuant to Section 1400U-1 of the Code, the County of Alameda adopted a resolution designating the Alameda County as a recovery zone; and

WHEREAS, the Industrial Development Authority of the County of Alameda (the “Applicant”) has transmitted an application (the “Original Application”) for the benefit of Data Safe, Inc. (the “Project Sponsor”) in connection with the issuance not to exceed \$3,700,000 aggregate principal amount of Recovery Zone Facility Bonds (the “RZFBs”) to finance the construction and equipping of an approximately 40,000 square foot facility (and improvements, work and costs) to be located at 37580 Filbert Street within the City of Newark (collectively, the “RZFB Project”);

WHEREAS, the Commission, on November 17, 2010 adopted its Resolution No 10-016 making certain findings and determinations with respect to the RZFBs and the RZFB Project;

WHEREAS the Applicant has submitted an application (the “Supplemental Application”) supplementing the Original Application for the benefit of the Project Sponsor in connection with the issuance of not to exceed \$2,000,000 aggregate principal amount taxable bonds (the “Taxable Bonds”) to finance and refinance the existing 53,474 square foot facility located at 37580 Filbert Street within the City of Newark (the “Taxable Bond Project”), which is adjacent, and functionally related, to the RZFB Project; and

WHEREAS, the Taxable Bonds are to be issued pursuant to the provisions of the California Industrial Development Financing Act (the “Act”) and the Applicant and the Project Sponsor have requested the California Industrial Development Financing Advisory Commission (the “Commission”) to review the Supplemental Application pursuant to the provisions of the Act; and

WHEREAS, the Commission has reviewed the Supplemental Application and the materials submitted with the Submittal Application.

NOW, THEREFORE, the Commission resolves as follows;

Section 1. The Commission, based on representations made by the Applicant and the Project Sponsor, hereby finds and determines that the proposed issuance of the Taxable Bonds qualifies under the provisions of Article 5 of Title 10 of the Government Code, and further finds and determines that:

Agenda Item – 4.C.1.

- (a) on September 28, 2010, the Industrial Development Authority of the County of Alameda adopted an initial resolution stating its intention to issue the Taxable Bonds;
- (b) the Taxable Bonds will be adequately secured and the funds available to the Applicant will be sufficient to pay the principal of and interest on the Taxable Bonds to be issued; and
- (c) based on its review of the preliminary material submitted to it and as provided for under Government Code Section 91571, the proposed issuance will be fair, just and equitable to a purchaser of the Taxable Bonds, and that the Taxable Bonds proposed to be issued and the methods to be used by the Applicant in issuing them will not be such as will work a fraud upon the purchaser thereof.

Section 2. This Resolution shall cease to be effective if the above-described Bonds have not been issued within 90 days after the date of adoption of this Resolution.

Section 3. In compliance with the provisions of the Act, the qualification of the proposed bond issue by this Resolution does not constitute a recommendation or endorsement of the Bonds so qualified by the Commission.

EXHIBIT A

**RZFB RESOLUTION NO: 10-016
(A RECOVERY ZONE FACILITY BOND PROJECT)**

- | | |
|--------------------------|--|
| 1. Applicant: | Alameda County IDA |
| 2. Application No.: | 10-016 (Supplemented) |
| 3. Project Sponsor: | Reis Newark, LLC and/or a related entity |
| 4. Project User: | Data Safe, Inc. and/or a related entity |
| 5. Project Name: | Data Safe, Inc. Project |
| 6. Project Description: | Refinancing of Existing Building |
| 7. Address: | 37580 Filbert Street |
| | Newark, CA 94560 |
| County: | Alameda County |
| 8. Amount of Allocation: | N/A |